SASKATCHEWAN DEVELOPMENT FUND CORPORATION

AND

SASKATCHEWAN DEVELOPMENT FUND

1990 ANNUAL REPORT

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

AND

SASKATCHEWAN DEVELOPMENT FUND

ANNUAL REPORT

For The Year Ended

December 31, 1990

This Annual Report is printed on paper made in Saskatchewan.

91-04105/

LETTER OF TRANSMITTAL

Regina, Saskatchewan
March 11, 1991

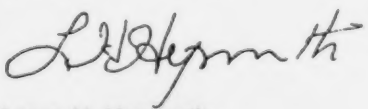
To Her Honour
The Honourable Sylvia O. Fedoruk, O.C., S.O.M.
Lieutenant Governor of the Province of Saskatchewan

Madam:

I have the honour to submit herewith the annual reports of the Saskatchewan Development Fund Corporation and the Saskatchewan Development Fund for the year ended December 31, 1990, in accordance with **The Saskatchewan Development Fund Act, 1974**. The financial statements are in the form approved by the Treasury Board and have been duly certified by the Corporation's auditors.

I have the honour to be, Madam,

Your obedient servant,



Lorne H. Hepworth
Minister of Finance and
Minister Responsible
Saskatchewan Development Fund Corporation

CONTENTS

A. Saskatchewan Development Fund Corporation

Board of Directors 5

History and Current Highlights – 1990 6

Graphical Summaries 7

Management's Responsibility for Financial Statements 8

Auditors' Report 9

Financial Statements 10

B. Saskatchewan Development Fund

History and Current Highlights – 1990 20

Graphical Summaries 21

Management's Responsibility for Financial Statements 22

Auditors' Report 23

Financial Statements 24

ANNUAL REPORT

OF

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

FOR THE YEAR ENDED

DECEMBER 31, 1990

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

BOARD OF DIRECTORS

Mr. Allan McDougall, F.C.S.I., Chairman
Honourable L. H. Hepworth, Vice–Chairman
Mr. Nap Boutin
Mrs. Dale Duckworth
Mr. Terry Eddy
Mr. Howard Walrod

GENERAL MANAGER

Mr. W. B. Gibson

SECRETARY TO THE BOARD

Mr. I. D. Disbery

INVESTMENT MANAGEMENT

Investment Corporation of Saskatchewan

GENERAL INQUIRIES TELEPHONE NUMBERS

In Regina: (306) 787–1645
Toll free within Saskatchewan: 1–800–667–7543
Telecopier: (306) 787–8125

MAILING ADDRESS

P.O. Box 765
Regina, Saskatchewan
S4P 3A8

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

HISTORY AND CURRENT HIGHLIGHTS – 1990

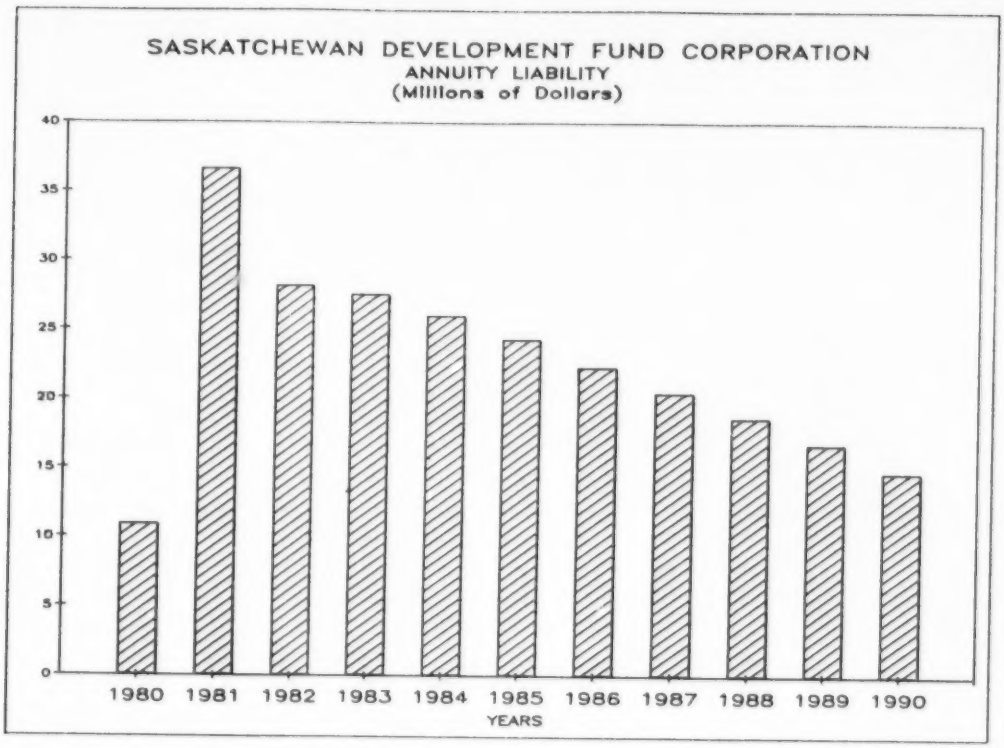
The Saskatchewan Development Fund Corporation (the Corporation) was established in 1974 under **The Saskatchewan Development Fund Act** to perform the duties of trustee, custodian and manager for the Saskatchewan Development Fund (the Fund), an open–end investment trust. The Corporation initially managed the affairs of the Saskatchewan Development Fund and in return received management fees and sales charges from the Fund in exchange for the Corporation's services.

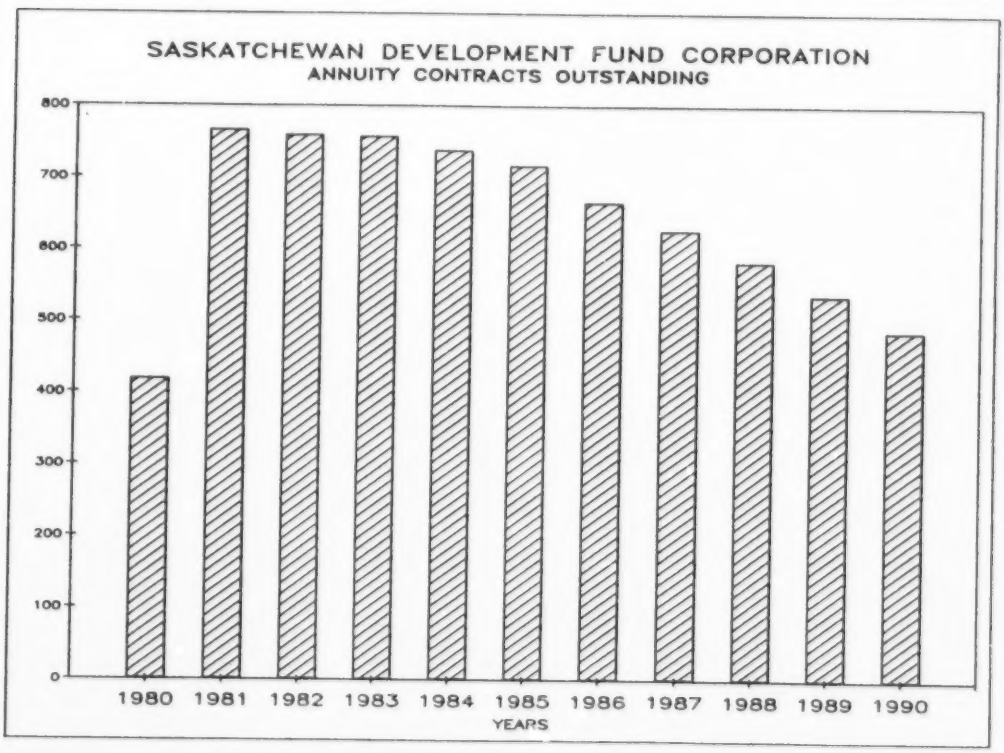
In 1976, the Corporation expanded its operations to include an annuity business which offered several different types of annuities to the public. These annuities included term–certain annuities for those wishing to receive a retirement income, Income Averaging Annuity Contracts (IAAC's) during the period of time when these annuities were popular and general annuities for those desiring an investment vehicle with combined savings and growth potential.

The Corporation continues to manage the affairs of the Saskatchewan Development Fund although it no longer offers annuities to the public. In 1985, the Corporation moved its operations to the offices of Crown Management Board of Saskatchewan and is now administered by the Saskatchewan Development Fund Corporation's Board of Directors through the use of staff and facilities provided by Crown Management Board of Saskatchewan.

In 1988, the Corporation entered into an agreement with the Investment Corporation of Saskatchewan (ICS) to provide investment counsel with respect to the Corporation's investment activities. The Corporation has provided ICS with a statement of investment policies and guidelines which were designed to provide optimum investment returns.

The Corporation reported net earnings in 1990 of $170 thousand compared to net earnings in 1989 of $164 thousand. Total assets in 1990 were $16.6 million compared to $18.5 million in 1989.


SASKATCHEWAN DEVELOPMENT FUND CORPORATION
ANNUITY LIABILITY
(Millions of Dollars)
40
35
30
25
20
15
10
5
0
1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990
YEARS


SASKATCHEWAN DEVELOPMENT FUND CORPORATION
ANNUITY CONTRACTS OUTSTANDING
800
700
600
500
400
300
200
100
0
1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990
YEARS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management has prepared the financial statements of the Saskatchewan Development Fund Corporation (the Corporation) in accordance with generally accepted accounting principles applied on a consistent basis with that of the previous year. The financial data included elsewhere in this report is consistent with the financial statements and the underlying information from which these financial statements were prepared.

Management has the primary responsibility for the integrity and objectivity of the financial statements. To fulfill this responsibility, the Corporation maintains appropriate systems of internal controls, policies and procedures to provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the Corporation.

Arscott & Partners, the Corporation's external auditors, have reviewed the systems of internal control and examined the financial statements in accordance with generally accepted auditing standards to enable them to express their opinion on the financial statements. Their report appears on the following page.

The financial statements have been examined and approved by the Board of Directors.

On behalf of the Saskatchewan Development Fund Corporation,

W. B. Gibson
General Manager

AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of the Saskatchewan Development Fund Corporation as at December 31, 1990 and the statements of earnings and reinvested earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Regina, Canada
February 1, 1991

Chartered Accountants

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF FINANCIAL POSITION

As at December 31

	1990	1989
ASSETS		
Current Assets		
Cash and short-term investments	$ 1,369,185	$ 534,512
Accounts receivable	16,710	–
Interest receivable	351,925	398,377
Current portion of loans receivable	1,104,653	976,926
	2,842,473	1,909,815
Loans receivable (Note 3)	7,327,413	8,440,841
Investments (Schedule)	6,440,494	8,110,018
Fixed assets (Note 4)	2,306	3,842
	$16,612,686	$18,464,516
LIABILITIES AND PROVINCE'S EQUITY		
Current Liabilities		
Accounts payable	$ 15,232	$ 11,338
Due to Saskatchewan Development Fund	11,542	28,802
Current portion of annuities payable	2,000,000	1,900,000
	2,026,774	1,940,140
Annuities payable (Note 5)	12,829,195	14,937,599
	14,855,969	16,877,739
Contingent liability (Note 6)		
Province of Saskatchewan's Equity		
Advances (Note 7)	1,150,000	1,150,000
Reinvested earnings	606,717	436,777
	1,756,717	1,586,777
	$16,612,686	$18,464,516

APPROVED ON BEHALF OF THE BOARD:

Allan McDougall, DIRECTOR

L. D. Heyworth, DIRECTOR

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF EARNINGS AND REINVESTED EARNINGS

Year ended December 31

	1990	1989
Revenue		
Interest – loans	$ 1,192,809	$ 1,317,701
Interest – investments	948,820	1,061,595
Fund management fees (Note 8)	75,087	71,462
Gain on disposition of investments	11,070	15,384
	2,227,786	2,466,142
Expenses		
Interest – annuities	1,951,175	2,181,055
Salaries and employee benefits	57,575	52,475
Administrative	49,096	68,843
	2,057,846	2,302,373
Net earnings	169,940	163,769
Reinvested earnings, beginning of year	436,777	273,008
Reinvested earnings, end of year	$ 606,717	$ 436,777

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF CASH FLOWS

Year ended December 31

	1990	1989
Cash provided by (used in) operating activities		
Net earnings	$ 169,940	$ 163,769
Add (deduct) non-cash items		
Amortization of discounts	(30,785)	(34,023)
Gain on disposition of investments	(11,070)	(15,384)
Depreciation	1,536	1,540
	129,621	115,902
Net change in non-cash working capital balances related to operations (Note 9)	16,376	68,233
Cash provided by operating activities	145,997	184,135
Cash provided by (used in) investment activities		
Purchase of investments	(157,050)	(150,000)
Proceeds from sale of investments	1,613,720	289,384
Collection of principal on mortgages	254,709	285,873
Cash provided by investment activities	1,711,379	425,257
Cash provided by (used in) financing activities		
Collection of loans receivable	985,701	855,757
Repayment of annuities	(2,008,404)	(1,902,034)
Cash (used in) financing activities	(1,022,703)	(1,046,277)
Net increase (decrease) in cash during the year	834,673	(436,885)
Cash and short-term investments, beginning of year	534,512	971,397
Cash and short-term investments, end of year	$ 1,369,185	$ 534,512

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 1990

1. Significant Accounting Policies:

The Saskatchewan Development Fund Corporation's accounting policies are in accordance with generally accepted accounting principles. The following are considered to be significant:

Investments:

Short-term investments

Short-term investments are carried at cost. This valuation approximates their quoted market value.

Bonds and debentures

Investments in bonds and debentures are carried at amortized cost. Discounts and premiums in excess of $1,000 on the investment's purchase date are amortized to income on the straight-line method over the remaining life of the investment.

Equities

Investments in equities are carried at cost less write-downs for any permanent decline in value. Dividends are recognized as income on the ex-dividend date.

Mortgages

Mortgages are carried at amortized cost.

Fixed Assets:

Fixed assets are initially recorded at cost. Normal maintenance and repair expenditures are expensed as incurred. Depreciation is provided on the diminishing balance basis at the following annual rates:

Furniture and equipment	20%
Computer equipment	30%

No depreciation is taken in the year of disposal. It is expected that these procedures will charge operations with the total cost of the assets less the estimated salvage value over their useful life. Gain or loss on the disposal of individual assets is recognized as income in the year of disposal.

2. Status of the Corporation:

The Saskatchewan Development Fund Corporation (SDFC) was established in 1974 under **The Saskatchewan Development Fund Act** to perform the duties of trustee, custodian and manager for the Saskatchewan Development Fund. In 1976, the Corporation also instituted an annuity business as part of its operations. The annuity operations are reflected in these financial statements. Effective January 1, 1986, the Corporation ceased to offer new annuities to the public.

SDFC has been designated by Order-in-Council as a corporation to which the provisions of Part II of **The Crown Corporations Act, 1978** apply. Accordingly, the financial results of the Corporation are included in the consolidated financial statements of Crown Management Board of Saskatchewan.

SDFC is a Provincial Crown corporation and therefore not subject to Federal or Provincial income tax.

3. Loans Receivable:

	1990	1989
Loans receivable at various interest rates, repayable in equal monthly or annual installments until maturity	$ 8,432,066	$ 9,417,767
Less current portion	1,104,653	976,926
Long-term portion of loans receivable	$ 7,327,413	$ 8,440,841

4. Fixed Assets:

	1990			1989
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Furniture and equipment	$ 8,293	$ 7,842	$ 451	$ 595
Computer equipment	13,507	11,652	1,855	3,247
	$ 21,800	$ 19,494	$ 2,306	$ 3,842

5. Annuities Payable:

	1990	1989
Annuities payable at various interest rates in monthly, quarterly, semi-annual and annual installments until maturity	$14,829,195	$16,837,599
Less current portion	2,000,000	1,900,000
Long-term portion of annuities payable	$12,829,195	$14,937,599

6. Contingent Liability:

The Saskatchewan Development Fund Act requires that SDFC guarantee the difference between the market value of each shareholder's investment in the Saskatchewan Development Fund upon redemption and the value of the shareholder's original investment (net of initial sales charges) including accrued interest on the investment at an annual rate of 5%. This guarantee applies only if the market value of the shareholder's investment is lower than the guaranteed amount.

The guarantee liability under this provision throughout 1990 did not exceed the market value of any investment redeemed in the current year. Therefore SDFC did not pay any amounts to the Saskatchewan Development Fund's shareholders in 1990 under this provision.

7. Advances:

The equity advance was received from Crown Management Board of Saskatchewan (CMB). The advance is non-interest bearing and repayable at the discretion of CMB.

8. Management Fees:

SDFC recovers the costs it incurs in the management of the Saskatchewan Development Fund (the Fund) by charging the Fund a management fee. This fee is limited by **The Saskatchewan Development Fund Act** to the lesser of 1¼% of the net value of the assets of the Fund or those corporate expenses directly attributable to the management of the Fund on an annual basis.

9. Net Change in Non-Cash Working Capital Balances Related to Operations:

	1990	1989
(Increase) in accounts receivable	$ (16,710)	$ –
Decrease in interest receivable	46,452	34,636
Increase (decrease) in accounts payable	3,894	(1,031)
Increase (decrease) in due to Saskatchewan Development Fund	(17,260)	34,628
	$ 16,376	$ 68,233

10. Investment Management:

In 1988, SDFC entered into an investment management agreement with the Investment Corporation of Saskatchewan (ICS). ICS provides investment counsel with respect to SDFC's investment activities in exchange for a management fee. SDFC is a shareholder in ICS along with several other Saskatchewan public sector pension funds and government agencies.

11. Related Party Transactions:

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and corporations and with which SDFC is related. Account balances resulting from these transactions are included in the statement of financial position and are settled on normal trading terms.

Other amounts due to and from related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

12. Comparative Figures:

Certain of the comparative figures have been reclassified to conform with the current year's presentation.

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

SCHEDULE OF INVESTMENTS

December 31, 1990

Description	Rate	Maturity Date	1990 Market Value	1990 Amortized Cost	1989 Amortized Cost
Federal and Provincial Bonds					
Canada	10.750%	Mar. 15, 1998	$ –	$ –	$ 150,000
Canada	11.500%	Sep. 1, 2000	160,125	156,932	–
Saskatchewan	8.750%	Dec. 1, 1990	–	–	978,842
Nova Scotia Power	9.375%	Jan. 10, 2003	177,000	198,798	198,698
Ontario Hydro	10.375%	Jun. 16, 1998	195,250	200,000	200,000
Ontario Hydro	9.375%	Jan. 25, 2005	438,125	491,535	490,933
Ontario Hydro	10.000%	May 10, 2009	363,500	401,226	401,291
Prince Edward Island	10.625%	Apr. 18, 2004	242,813	250,000	250,000
			1,576,813	1,698,491	2,669,764
Corporate Debentures					
Avco Financial	10.750%	Apr. 2, 1991	199,011	200,199	200,849
Central Capital Corp.	9.000%	Dec. 31, 1990	–	–	247,271
Consumers' Gas	18.500%	Oct. 1, 1991	261,875	250,000	250,000
Inland Natural Gas	18.250%	Nov. 15, 1996	164,314	129,000	143,000
National Victoria & Grey	9.900%	Jul. 11, 1991	495,535	498,473	494,201
Nova, An Alberta Corp.	17.750%	Feb. 15, 1997	79,430	74,439	78,348
Pacific Northern Gas	18.000%	May 1, 1997	320,640	256,000	290,000
Royal Bank of Canada	11.550%	Oct. 6, 1992	502,750	500,743	501,163
Royal Trust	9.875%	Mar. 19, 1991	497,584	499,877	499,387
Royal Trust	9.900%	Jun. 29, 1992	440,888	448,950	448,257
Royal Trust	10.200%	Jun. 19, 1997	465,292	493,580	492,600
Sears Acceptance Co. Inc.	14.750%	Apr. 1, 1996	–	–	99,583
Sears Acceptance Co. Inc.	12.750%	Jun. 15, 2000	266,327	254,000	278,000
Stelco	13.500%	Oct. 1, 2000	225,514	229,893	258,679
Traders Group	9.500%	Jun. 15, 1991	99,000	100,000	98,308
West Coast Energy Inc.	12.250%	Jul. 15, 2000	328,570	309,939	308,989
			$4,346,730	$4,245,093	$4,688,635

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

SCHEDULE OF INVESTMENTS (continued)

December 31, 1990

Description	Rate	Maturity Date	1990 Market Value	1990 Amortized Cost	1989 Amortized Cost
Mortgages					
Maritime Life Assurance	13.250%	May 1, 1990	$ –	$ –	$ 245,131
Metropolitan Trust	12.000%	Aug. 1, 1992	88,900	89,391	92,775
Metropolitan Trust	12.000%	Oct. 1, 1993	94,376	94,797	97,796
Metropolitan Trust	11.855%	Dec. 1, 1991	304,553	306,509	309,704
			487,829	490,697	745,406
Equities					
Investment Corporation of Saskatchewan (100 Class A shares (1989 – 100))			100	100	100
Investment Corporation of Saskatchewan (6,113 Class B Shares (1989 – 6,113))			6,113	6,113	6,113
			6,213	6,213	6,213
Total Investments			$6,417,585	$6,440,494	$8,110,018

SASKATCHEWAN DEVELOPMENT FUND

ANNUAL REPORT TO THE SHAREHOLDERS

FOR THE YEAR ENDED

DECEMBER 31, 1990

SASKATCHEWAN DEVELOPMENT FUND

HISTORY AND CURRENT HIGHLIGHTS – 1990

The Saskatchewan Development Fund (the Fund) was established in 1974 as an open–end investment trust (mutual fund) under **The Saskatchewan Development Fund Act**. Over the years, the Fund offered five types of investment accounts to the public. These were registered retirement savings plans (RRSP's), registered home ownership savings plans (RHOSP's), deferred profit sharing plans (DPSP's), registered retirement income funds (RRIF's) and regular shareholder accounts.

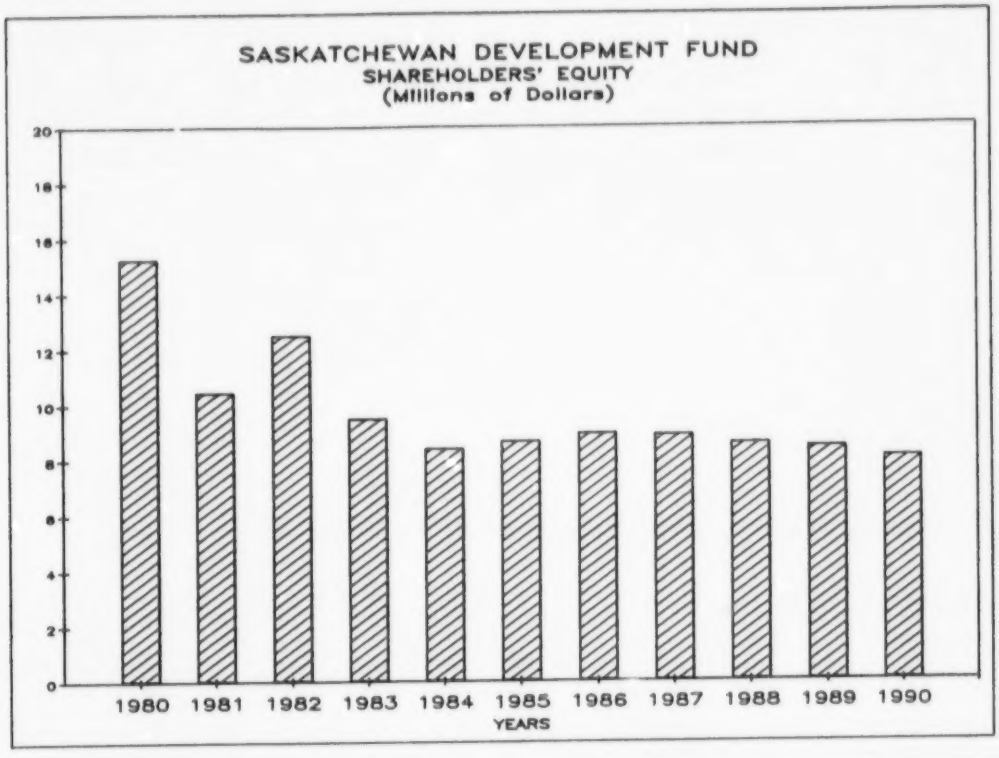
In 1983, the Fund discontinued the sale of new shares to the public and became a discontinued open–end mutual fund.

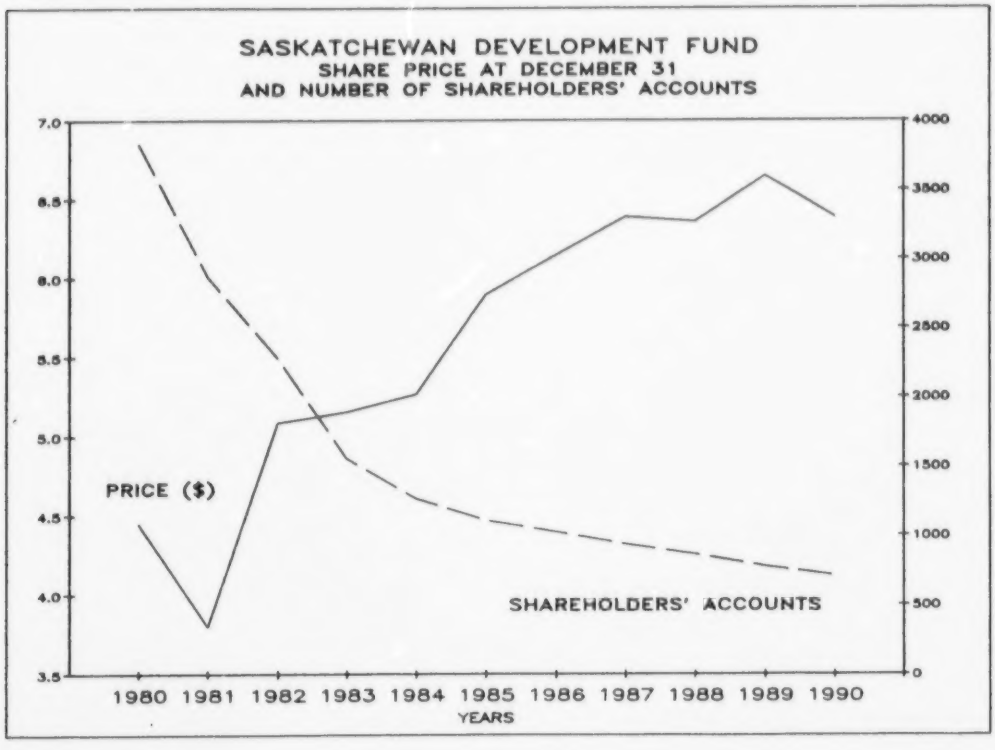
The Fund has been administered since its inception by the Saskatchewan Development Fund Corporation (the Corporation). The Corporation was created initially for this purpose only.

Due to rising interest rates the Saskatchewan Development Fund experienced sharp declines in share value during the first quarter of 1990, falling as low as $6.09 per share in April. Values recovered late in the second quarter, reaching a value of $6.35 per share in July. The crisis in the Persian Gulf in August caused the share value to decrease during the third quarter. Easing of interest rates in the fourth quarter allowed the value to recover to $6.39 at year end. Earnings per share distributed to shareholders in 1990 was 66 cents compared to 85 cents per share in 1989.

The net assets of the Mutual Fund at December 31, 1990 were distributed to shareholders by type of account as listed below. The 1989 comparative figures at December 31 are presented as well.

	1990				1989			
	Market Value	%	Number of Investors	%	Market Value	%	Number of Investors	%
Retirement Savings Plans	$6,411,057	79.1	417	58.7	$6,607,652	78.0	457	59.1
Regular Accounts	1,636,320	20.2	291	41.0	1,760,452	20.8	308	39.8
Deferred Profit Sharing Plans	56,980	0.7	2	0.3	53,391	0.6	2	0.3
Home Ownership Savings Plans	–	–	–	–	50,548	0.6	6	0.8
	$8,104,357	100.0	710	100.0	$8,472,043	100.0	773	100.0


SASKATCHEWAN DEVELOPMENT FUND
SHAREHOLDERS' EQUITY
(Millions of Dollars)
20
18
16
14
12
10
8
6
4
2
0
1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990
YEARS


SASKATCHEWAN DEVELOPMENT FUND
SHARE PRICE AT DECEMBER 31
AND NUMBER OF SHAREHOLDERS' ACCOUNTS
7.0
6.5
6.0
5.5
5.0
4.5
4.0
3.5
4000
3500
3000
2500
2000
1500
1000
500
0
PRICE ($)
SHAREHOLDERS' ACCOUNTS
1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990
YEARS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

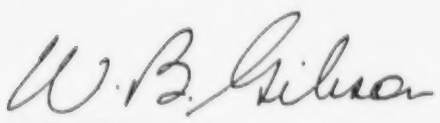
Management of the Saskatchewan Development Fund Corporation has prepared the financial statements of the Saskatchewan Development Fund (the Fund) in accordance with generally accepted accounting principles applied on a consistent basis with that of the previous year. The financial data included elsewhere in this report is consistent with the financial statements and the underlying information from which these financial statements were prepared.

Management has the primary responsibility for the integrity and objectivity of the financial statements. To fulfill this responsibility, the Fund maintains appropriate systems of internal controls, policies and procedures to provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the Fund.

Arscott & Partners, the Fund's external auditors, have reviewed the systems of internal control and examined the financial statements in accordance with generally accepted auditing standards to enable them to express their opinion on the financial statements. Their report appears on the following page.

The financial statements have been examined and approved by the Board of Directors.

On behalf of the Saskatchewan Development Fund,



W. B. Gibson
General Manager
Saskatchewan Development Fund Corporation

AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of assets and liabilities of the Saskatchewan Development Fund as at December 31, 1990 and the statements of change in net assets and realized gain on sale of investments and earnings for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Regina, Canada
February 1, 1991

Chartered Accountants

SASKATCHEWAN DEVELOPMENT FUND

STATEMENT OF ASSETS AND LIABILITIES

As at December 31

	1990	1989
ASSETS		
Investments at market value (Note 1 & Schedule)	$7,022,719	$5,662,269
Cash and short-term deposits	986,749	2,769,762
Interest receivable	176,588	172,580
Due from Saskatchewan Development Fund Corporation	11,542	20,802
	8,197,598	8,633,413
LIABILITIES		
Payable for shares of the Fund redeemed	92,863	153,255
Other accounts payable	378	8,115
	93,241	161,370
NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY	$8,104,357	$8,472,043
1,267,332 shares (1989 – 1,274,531 shares) (Notes 3 & 4)		
NET ASSET VALUE PER SHARE	$ 6.39	$ 6.65

APPROVED ON BEHALF OF THE BOARD:

Alla McDougall, Director

L.D. Heyman, Director

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND

STATEMENTS OF CHANGE IN NET ASSETS AND

REALIZED GAIN ON SALE OF INVESTMENTS

Year Ended December 31

	1990	1989
CHANGE IN NET ASSETS		
Net assets at beginning of year	$8,472,043	$8,604,367
Net earnings for the year	832,869	782,431
Net realized gain on sale of investments	17,128	326,250
Net unrealized appreciation of investments	–	48,482
	9,322,040	9,761,530
Less:		
Cost of shares redeemed	878,695	1,289,487
Net unrealized depreciation of investments	338,988	–
	1,217,683	1,289,487
Net assets at end of year	$8,104,357	$8,472,043
Net asset value per share	$ 6.39	$ 6.65
REALIZED GAIN ON SALE OF INVESTMENTS		
Proceeds from sale of investments	$1,202,503	$ 835,250
Cost of investments sold during the year*	1,185,375	509,000
Net realized gain on sale of investments	$ 17,128	$ 326,250
***Cost of investments Sold During the Year**		
Cost of investments at beginning of year	$5,590,799	$6,404,853
Cost of investments purchased during the year	2,886,939	203,500
Collection of principal on mortgages	(2,126)	(508,554)
	8,475,612	6,099,799
Cost of investments at end of year	7,290,237	5,590,799
Cost of investments sold during the year	$1,185,375	$ 509,000

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND

STATEMENT OF EARNINGS

Year Ended December 31

	1990	1989
Income		
Interest	$ 915,250	$ 849,172
Dividends	230	12,500
	915,480	861,672
Expenses (Note 7)		
Management fees (Note 8)	75,087	71,462
Investment management fees (Note 9)	5,714	6,757
Other expenses	1,810	1,022
	82,611	79,241
Net earnings for the year	$ 832,869	$ 782,431

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 1990

1. Significant Accounting Policies:

Valuation of investments:

The Saskatchewan Development Fund's investments are recorded at market value determined as follows on the advice of the Investment Corporation of Saskatchewan:

a) Bonds and debentures listed upon a recognized public exchange are valued at their closing sale price on the valuation date.

Bonds and debentures not traded on that date are valued at a price between the latest closing recorded asked and bid prices.

Bonds and debentures not listed upon any exchange are valued in the same manner as above based upon any available public quotation in common use or at a price estimated to be the true value thereof.

b) Mortgages are valued at their net present value by discounting their stated rates of return to current required rates of return.

c) Short-term investments are valued at cost. This valuation approximates their quoted market value.

Investment transactions and income:

Investment transactions are accounted for on the settlement date. Interest income is accrued monthly and dividend income is recognized on the ex-dividend date. Realized gains and losses from investment transactions are calculated in accordance with the average cost method.

2. Status of the Fund:

The Saskatchewan Development Fund (the Fund) was established as an open-end investment trust in 1974 pursuant to **The Saskatchewan Development Fund Act** and is managed under the auspices of the Saskatchewan Development Fund Corporation (SDFC) which performs the duties of trustee, custodian and manager for the Fund. On July 15, 1983, the Fund discontinued the sale of new shares and became a "discontinued open-end" investment trust.

3. Taxation:

The Fund qualifies as a mutual fund trust under **The Income Tax Act** and is fully registered to administrate four types of equity accounts. These are registered retirement savings plans, deferred profit sharing plans, registered retirement income funds and regular shareholder accounts.

4. Shareholders' Equity:

a) Shareholders' equity includes the amounts representing the shareholders' net initial investments, reinvested earnings, realized gains (losses) on sale of investments and unrealized appreciation (depreciation) of investments.

b) The shares of the Fund are redeemable at the option of the holder in accordance with the provisions of **The Saskatchewan Development Fund Act** and with respect to the taxation status of the shareholder's account. The Fund is now a "discontinued open-end" investment trust and has taken on no new contributions since July 15, 1983 except where contractual arrangements had been made prior to July 15, 1983.

5. Net Asset Value per Share:

The net asset value per share as at the end of the last five completed financial years of the Fund was as follows:

	Year ended December 31				
	1990	**1989**	**1988**	**1987**	**1986**
Net asset value per share	$6.39	$6.65	$6.36	$6.39	$6.15

6. Net Earnings per Share:

The following are the net earnings per share of the Fund for the years indicated based on the average number of shares outstanding during the year:

	Year ended December 31				
	1990	**1989**	**1988**	**1987**	**1986**
Net income per share (in cents)	65.5	85.3	56.4	89.4	81.7

7. Expense Ratio:

The following is the ratio of all expenses of the Fund expressed as a percentage of the average of the net assets calculated for the purpose of the redemption of shares of the Fund as at each valuation date of the Fund.

	Year ended December 31				
	1990	**1989**	**1988**	**1987**	**1986**
Expense ratio	1.02%	0.92%	0.90%	0.56%	0.75%

8. Management Fee:

SDFC recovers the costs it incurs in the management of the Fund by charging the Fund a management fee. This fee is limited by **The Saskatchewan Development Fund Act** to the lesser of 1¼% of the net value of the assets of the Fund or those corporate expenses directly attributable to the management of the Fund on an annual basis.

9. Investment Management Fees:

In 1988, SDFC entered into an investment management agreement on behalf of the Fund with the Investment Corporation of Saskatchewan (ICS). ICS provides investment counsel with respect to the investment activities of the Fund in exchange for a management fee. SDFC is a shareholder in ICS along with several other Saskatchewan public sector pension funds and government agencies.

SASKATCHEWAN DEVELOPMENT FUND

SCHEDULE OF INVESTMENTS

December 31, 1990

Description	Rate	Maturity Date	Cost	Market Value
Federal, Provincial and Municipal Bonds				
Canada	11.500%	Sep. 1,2000	$ 209,400	$ 213,500
Canada	10.250%	Mar. 15,2014	476,112	452,725
Saskatchewan	9.875%	Jul. 6,1999	222,875	232,500
Saskatchewan	11.250%	Jul. 12,2000	247,000	250,625
Saskatchewan	9.000%	Feb. 1,2002	843,184	809,875
Saskatchewan	10.000%	Jan. 18,2010	462,250	451,625
City of Regina	11.250%	Oct. 31,1995	391,566	373,700
			2,852,387	2,784,550
Corporate Debentures				
Bank of Nova Scotia	9.600%	Dec. 31,1991	513,500	491,940
Canadian Utilities	12.000%	Oct. 15,2007	500,000	512,500
Great West Life	12.750%	Nov. 15,1993	500,000	511,335
National Trust	10.700%	Oct. 30,1999	231,575	242,365
Nova	11.950%	Oct. 1,2007	495,500	488,750
Sask Wheat Pool	9.875%	Aug. 1,1997	109,000	100,911
			2,349,575	2,347,801
Convertible Debentures				
Alberta Energy Corporation	7.250%	Sep. 30, 2003	500,000	410,000
Pacific Western Airlines	7.875%	Dec. 30, 1996	350,000	210,000
			850,000	620,000
Mortgages				
Metropolitan Trust	11.875%	May 1, 1992	$ 200,548	$ 196,718

SASKATCHEWAN DEVELOPMENT FUND

SCHEDULE OF INVESTMENTS (continued)

December 31, 1990

Description	Cost	Market Value
Equities		
Alcan Aluminum Ltd. (2,400 common shares)	$ 49,037	$ 54,000
American Barrick Resources (2,200 common shares)	47,271	55,825
Bank of Montreal (2,300 common shares)	65,177	66,987
BCE Inc. (2,100 common shares)	82,110	82,950
Canadian Imperial Bank of Commerce (3,700 common shares)	89,582	98,512
Imperial Oil Ltd. (3,800 class A convertible shares)	227,905	222,775
Inco Ltd. (1,800 common shares)	51,980	52,875
MacMillan Bloedel (900 common shares)	14,715	15,075
Molson Cos. Ltd. (700 class A convertible shares)	22,907	22,925
Moore Corp. Ltd. (900 common shares)	23,265	23,175
Nova Corp. of Alberta (2,600 common shares)	22,880	22,425
Oshawa Group Ltd. (2,700 class A shares)	82,590	84,038
Royal Bank of Canada (3,000 common shares)	65,065	69,375
Seagrams Ltd. (700 common shares)	67,970	71,400
Teck Corp. (2,300 class B shares)	48,195	48,013
The Thomson Corp. (3,900 common shares)	60,353	66,300
Transcanada Pipe Ltd. (1,000 common shares)	16,725	17,000
	1,037,727	1,073,650
Total Investments	$7,290,237	$7,022,719

This Annual Report is printed on paper made in Saskatchewan.